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May 28, 2003

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Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notification of Ex Parte Communication
MB Docket No. 02-277; MM Docket Nos. 01-317 & 00-244

Dear Ms. Dortch:

On May 27, 2003, Farid Suleman, Chief Executive Officer of Citadel Broadcasting Company, Meredith Senter of this office, and I met with Stacy Robinson of Commissioner Abernathy's office to discuss Citadel's position that any changes in the radio local ownership rule must ensure a level playing field for vibrant competition in radio markets. Attached are a detailed summary of the points that were discussed at the meeting and an overview of competition in the New Orleans radio market. Citadel emphasized at the meeting that it is arbitrary and unfair for the Commission to grandfather existing radio combinations that may have been formed after the above-captioned rulemaking proceedings were initiated, but not pending transactions that are compliant with the current contour-based rule.

Citadel also stressed that any rule change should take into account the disparity in station signals (Class A vs. Class C stations) and that commonly owned stations in a Metro with no overlapping contours should count as a single station in the market. Finally, we urged the Commission to allow all market participants to own the same number of stations in a market as any grandfathered cluster.



Marlene H. Dortch, Esq.
May 28, 2003
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As required by Section 1.1206(b)(2) of the Commission's rules, copies of this letter are being submitted in each of the above-referenced dockets.

Respectfully submitted,

Linda G. Morrison

Attachments

cc: Stacy Robinson, Esq.

CITADEL TALKING POINTS

1. It Is Arbitrary and Unfair to Grandfather All Existing Combinations, But Not Pending Transactions.

- The Media Bureau has proposed to “grandfather” all transactions approved since the issuance of the market definition NPRM, but not pending transactions.
- Under the Media Bureau’s proposal, grandfathering will depend on the luck of the draw – how quickly (or not) that the Media Bureau processed an application.
- The Commission should also grandfather previously announced, pending transactions – signed contracts – and process any applications in accordance with the contour-based rule in effect when these deals were signed.
 - Citadel and its deal partners have invested significant time and resources to negotiate acquisitions that comply with the current contour-based rule, which the Commission has used since 1992.
 - Citadel and the other parties to the pending transactions had no reason to believe that the Commission would retroactively apply a more restrictive local ownership rule to these deals.
 - If the Commission requires pending deals to be terminated, it would have an unduly disruptive effect on the stations and their employees, since many are operated under LMAs.
 - Unless the Commission grandfathers all pending transactions and processes the applications in accordance with the rules that existed when the parties negotiated the deal, then future Biennial Reviews will place a cloud of regulatory uncertainty over all negotiations.

2. The Commission Should Adopt Measures to Encourage the Growth of Competing Groups in All Markets.

- a. **The New Rule Change Should Take into Account the Disparity in Station Signals (e.g., Class A vs. Class C Stations). Commonly Owned Stations with No Overlapping Contours Should Count as a Single Station in the Market.**

- In many small and medium size Metros, one or two companies own most of the stations with the best technical facilities, i.e., stations that cover the entire market with a strong signal, day and night.
 - In these markets, Citadel and other new entrants must piece together coverage of the Metro by acquiring clusters of Class A and C3 FM stations and small AM stations. In many cases, these small stations do not have overlapping contours. Often, a string of such stations will simulcast programming, thus hoping to duplicate the coverage area of more powerful stations.
 - The new Metro-based rule would count every small commonly owned station in the Metro towards the local cap, even if the stations have no overlapping contours.
 - The Commission should count stations without overlapping contours as a single station. This rule would be pro-competitive in that it would allow new entrants and smaller radio companies to build a cluster of smaller stations to compete with the Clear Channel and others, who now dominate markets with the stations with superior technical facilities.
 - This would be consistent with the TV duopoly rule, which does not count satellite stations or stations that do not have overlapping Grade B contours notwithstanding that the stations are in the same DMA.
 - In the alternative, the Commission should eliminate the same service (AM/FM) cap, and just have a cap of the total number of stations that one company may own in the market.
- b. The Commission Should Allow the 2nd, 3rd or 4th Largest Players in the Market to Achieve Parity with the Dominant Cluster.**
- The proposed rule changes may have the unintended effect of permanently grandfathering dominant positions in many markets. Plainly stated, the Bureau proposes to protect Clear Channel's dominant position in most markets – and, incredibly enough, to prohibit smaller competitors from acquiring stations that would allow them to compete effectively.
 - The rule changes proposed by the Media Bureau will not reduce any group owner's dominance of any market.

- It is unfair, and makes no sense, for the Commission to allow Clear Channel to own more stations in a market than any other company.
 - Rather than hamstringing smaller groups in a market, the Commission should allow all market participants to own the same number of stations in the market as any grandfathered cluster.
- c. **The Commission Should Allow Some Transferability of Existing Combinations.**
- Many of the smaller radio groups are still in a growth phase and require additional capital.
 - For example, Citadel, which is currently a privately held company, is preparing to make a public offering of its stock.
 - When Citadel goes public, ownership by its existing investors will be diluted and ultimately they will lose control of the company.
 - The Commission should not require the divestiture of grandfathered combinations merely because of a transfer of control from existing financial investors to the public shareholders as a whole.
4. **The New Metro-Based Rules Should Contain a Safety Valve – a Procedure for Interested Parties to Show that an Arbitron or BIA Listing of Stations in a Metro is Over or Under-Inclusive and to Prevent Gaming.**
- Citadel has discovered one Metro (Modesto, CA) where Arbitron lists one of Citadel's stations as "home" to the Metro, even though the station places no signal and has no ratings in the Metro.
 - In another case (Riverside, CA), BIA lists a number of stations in a Metro that in fact do not at all reach the Metro, either because they are too far away, in one case by hundreds of miles, or are part of other Metros.
 - When a station meets Arbitron's minimum reporting standards in more than one Metro, Arbitron allows the station to select its "home" Metro. Thus, the potential exists for gaming by group owners.
 - To correct mistakes in station listings by BIA or Arbitron or other industry sources, and to prevent gaming of the new Metro-based rules, the Commission

should include a “safety valve” in the new market definition to correct for inaccuracies in the stations listed in the Metro.

5. Citadel Is Extremely Concerned that the Proposed Rule May Create a Permanent Competitive Imbalance.

- Citadel is so concerned that the proposed rule will create a permanent competitive imbalance that Citadel prefers no grandfathering to the rule as proposed.
- Citadel is the company most affected (in terms of the percentage of stations that it would be required to divest) by the rule proposed by Victor Miller. Citadel would be required to divest 16 stations, 7.4% of its holdings, to comply with the new rule.
- Recognizing that it may not be politically feasible to require divestitures of all noncompliant clusters, Citadel urges the Commission to fine-tune the proposed Metro-based radio market definition so that smaller companies have at least a fighting chance.

Market: New Orleans, LA

Competitive Overview

Metro Rank: 44

FM Stations

| Calls | City of License | FCC Class | Freq | Power (kW) | HAAT | C | Owner | Year Std | Date Acq'd | Sales Price (000) | L M A | Format | 2002 Est Revenue (000) 1/ | Power Ratio | Avg '02 Local Comm | ARB 12+ Metro Shares (see rights) | | | | | | | |
|--|-----------------|-----------|-------|------------|------|-----|---------------------|----------|------------|-------------------|-------|-------------|---------------------------|-------------|--------------------|-----------------------------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|
| | | | | | | | | | | | | | | | | Fall 2002 | Summer 2002 | Spring 2002 | Winter 2002 | Fall 2001 | Summer 2001 | Spring 2001 | Winter 2001 |
| WCKW | Laplace | C | 92.3 | 100.0 | 1946 | d | 222 Corp | 66 | | | | Hot AC | 1,400 | 1.13 | 1.9 | 1.5 | 1.9 | 1.5 | 1.5 | 1.5 | 2.2 | 2.7 | 3.3 |
| WQUE | New Orleans | C | 93.3 | 100.0 | 984 | c | Clear Channel Comm | 49 | 8409 | | g2 | Urban | 6,800 | 0.70 | 14.9 | 12.2 | 12.7 | 12.6 | 13.0 | 13.2 | 13.1 | 13.4 | 13.2 |
| WTIX | Galliano | C1 | 94.3 | 100.0 | 981 | | Fleur de Lis Bcstg | 75 | 9509 | 800 | | Oldies | 600 | 0.83 | 1.1 | 1.0 | 0.7 | 1.3 | 1.0 | 0.9 | 0.7 | 1.0 | 0.4 |
| WXXF | Lacombe | A | 94.7 | 5.2 | 348 | e | Wilks Bcstg LLC | 96 | 0209 | 3,950 | d2 | Rock | | | 0.2 | 0.1 | 0.2 | 0.1 | 0.2 | 0.3 | 0.0 | 0.0 | 0.3 |
| WXXM | Reserve | C3 | 94.9 | 13.5 | 440 | e | Wilks Bcstg LLC | 92 | 0209 | | d2 | Gospel | 400 | 0.61 | 1.0 | 0.7 | 0.5 | 0.6 | 0.9 | 1.5 | 1.6 | 1.1 | 1.6 |
| WTKL | New Orleans | C | 95.7 | 100.0 | 984 | a | Entercom | 53 | 9912 | | g3 | Oldies | 3,700 | 0.93 | 6.1 | 5.0 | 5.8 | 5.0 | 5.6 | 4.7 | 5.3 | 5.7 | 5.5 |
| WEZB | New Orleans | C | 97.1 | 100.0 | 984 | a | Entercom | 45 | 9912 | | g3 | CHR | 3,300 | 0.92 | 5.5 | 4.9 | 4.9 | 4.4 | 5.3 | 4.5 | 4.6 | 4.9 | 6.2 |
| WYLD | New Orleans | C1 | 98.5 | 100.0 | 902 | c | Clear Channel Comm | 71 | 9303 | 7,500 | c1 | Urban AC | 6,200 | 0.97 | 9.8 | 8.2 | 8.5 | 9.1 | 8.2 | 8.0 | 8.1 | 6.7 | 8.2 |
| WRNO | New Orleans | C | 99.5 | 100.0 | 1004 | e | Clear Channel Comm | 67 | 0208 | 12,500 | sw | Clsc Rock | 3,400 | 1.27 | 4.1 | 4.2 | 3.5 | 3.6 | 3.6 | 3.3 | 4.4 | 4.3 | 3.5 |
| WNOE | New Orleans | C | 101.1 | 100.0 | 1004 | c | Clear Channel Comm | 68 | 9607 | | g1 | Country | 4,500 | 1.03 | 6.7 | 5.4 | 5.6 | 6.7 | 5.4 | 5.5 | 6.0 | 6.2 | 5.6 |
| WLMG | New Orleans | C | 101.9 | 100.0 | 984 | a | Entercom | 70 | 9912 | | g3 | Soft AC | 5,800 | 1.18 | 7.5 | 6.6 | 6.4 | 6.4 | 6.6 | 6.5 | 6.3 | 5.8 | 6.0 |
| KMEZ | Belle Chasse | C3 | 102.9 | 4.7 | 604 | e | Wilks Bcstg LLC | 90 | 0203 | | d1 | Urban/Oldes | 2,600 | 0.52 | 7.6 | 5.4 | 6.5 | 8.0 | 6.0 | 5.7 | 5.2 | 5.6 | 5.3 |
| KSTE | Houma | C | 104.1 | 100.0 | 1946 | c | Clear Channel Comm | 68 | 9702 | 6,750 | | Hot AC | 1,100 | 1.20 | 1.4 | 1.2 | 1.2 | 1.1 | 1.1 | 1.5 | 1.6 | 2.3 | 2.3 |
| KNOU | Empire | C2 | 104.5 | 7.8 | 850 | | On Top Comm Inc | 01 | 0212 | 8,500 | | Urban CHR | 500 | 0.29 | 2.6 | 2.1 | 2.6 | 2.8 | 1.9 | 1.7 | 1.9 | 0.0 | 0.0 |
| WJSH | Folsom | A | 104.7 | 6.0 | 328 | | Southwest Bcstg Inc | 96 | 0101 | 975 | | 70s & 80s | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WKZN | Kenner | C1 | 105.3 | 100.0 | 902 | a | Entercom | 70 | 9912 | | g3 | Hot AC | 4,300 | 1.53 | 4.3 | 3.5 | 3.5 | 4.4 | 3.8 | 3.2 | 5.0 | 4.2 | 3.4 |
| WKSJ | Picayune | C2 | 106.1 | 50.0 | cp | 492 | Guaranty Bcstg Co | 73 | 9705 | 2,000 | | Soft AC | 200 | | 0.5 | 0.4 | 0.4 | 0.6 | 0.4 | 0.4 | 0.0 | 0.0 | 0.4 |
| KKND | Port Sulphur | C1 | 106.7 | 98.0 | 981 | e | Wilks Bcstg LLC | 85 | 0208 | | sw | Modern Rock | 3,600 | 1.15 | 4.8 | 4.1 | 3.7 | 3.9 | 3.9 | 5.1 | 4.5 | 4.7 | 3.9 |
| # FM Stations - 18 # Combos - 14 FM TOTALS | | | | | | | | | | | | | | | 80.0 | 66.5 | 68.6 | 72.1 | 68.4 | 67.5 | 70.5 | 68.6 | 69.1 |

AM Stations

| Calls | City of License | FCC Class | Freq | Day Power (kW) | Night Power (kW) | C | Owner | Year Std | Date Acq'd | Sales Price (000) | L M A | Format | 2002 Est Revenue (000) 1/ | Power Ratio | Avg '02 Local Comm | ARB 12+ Metro Shares (see rights) | | | | | | | |
|-------|-----------------|-----------|------|----------------|------------------|------|----------------------|----------|------------|-------------------|-------|-------------|---------------------------|-------------|--------------------|-----------------------------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|
| | | | | | | | | | | | | | | | | Fall 2002 | Summer 2002 | Spring 2002 | Winter 2002 | Fall 2001 | Summer 2001 | Spring 2001 | Winter 2001 |
| WVOG | New Orleans | D | 600 | 1.0 | 0.00 | | F.W. Robbert Bcstg | 64 | 7406 | | | Chrst/Talk | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WTIX | New Orleans | B | 690 | 10.0 | 5.00 | | GHB Bcstg | 48 | 9202 | 800 | | News/Talk | 300 | | 0.5 | 0.7 | 0.4 | 0.5 | 0.5 | 0.4 | 0.6 | 0.6 | 0.7 |
| WASO | Covington | D | 730 | 0.3 | 0.03 | | America First Comm | 53 | 9207 | 200 | | News/Talk | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| KKNO | Gretna | D | 750 | 0.3 | 0.00 | | Blakes, Robert C, Sr | 89 | 9308 | 275 | | Christian | 200 | | 0.1 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| WSHO | New Orleans | B | 800 | 1.0 | 0.23 | | Shadowlands Comm | 26 | 9504 | 675 | | Religion | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WFNO | Norco | B | 830 | 5.0 | 0.75 | b | MC Media LLC | 87 | 9611 | 700 | | Span/Varty | 200 | | 0.3 | 0.9 | 0.5 | 0.0 | 0.4 | 0.0 | 0.7 | 0.8 | 0.5 |
| WWL | New Orleans | A | 870 | 50.0 | 50.00 | a | Entercom | 22 | 9912 | | g3 | Nws/Tlk/Spt | 12,900 | 2.10 | 9.4 | 10.6 | 8.1 | 6.8 | 7.8 | 9.8 | 8.8 | 8.3 | 7.4 |
| WYLD | New Orleans | B | 940 | 10.0 | 0.50 | c | Clear Channel Comm | 49 | 9303 | | c1 | Gospel | 700 | 0.26 | 4.1 | 3.5 | 3.7 | 3.2 | 4.1 | 3.3 | 2.7 | 3.4 | 3.1 |
| WGSO | New Orleans | B | 990 | 1.0 | 0.40 | b | MC Media LLC | 46 | 9611 | 575 | | News/Talk | 300 | | 0.6 | 0.0 | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 | 0.6 | 0.5 |
| WCKW | Garyville | D | 1010 | 0.5 | 0.04 | d | 222 Corp | 70 | | | | Gospel | | | 0.1 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 |
| WLNO | New Orleans | B | 1060 | 50.0 | 5.00 | | Communicom | 25 | 9503 | 700 | | Religion | | | 0.1 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WBOK | New Orleans | C | 1230 | 1.0 | 1.00 | | Willis Bcstg Corp | 51 | 8305 | 450 | | Gospel | 700 | 0.89 | 1.2 | 0.9 | 0.9 | 0.8 | 1.4 | 1.0 | 0.9 | 0.9 | 1.0 |
| WODT | New Orleans | B | 1280 | 5.0 | 5.00 | c | Clear Channel Comm | 23 | 8409 | | g2 | Rhythm/Blue | 250 | 0.22 | 1.7 | 1.4 | 1.4 | 1.1 | 1.4 | 2.1 | 1.0 | 1.1 | 1.4 |
| WSMB | New Orleans | B | 1350 | 5.0 | 5.00 | a | Entercom | 25 | 9912 | | g3 | Talk | 1,100 | 1.53 | 1.1 | 0.9 | 1.0 | 0.8 | 1.4 | 0.7 | 0.8 | 0.8 | 1.2 |
| WBYU | New Orleans | C | 1450 | 1.0 | cp | 1.00 | ABC Radio Inc | 50 | 0302 | 1,500 | | Motivationl | 100 | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | 1.3 |
| KGLA | Gretna | D | 1540 | 1.0 | 0.00 | | Crocodile Bcstg Corp | 69 | 9202 | 300 | | Spanish AC | 200 | | 0.4 | 0.0 | 0.5 | 0.4 | 0.6 | 0.0 | 0.6 | 0.5 | 0.7 |

1/ See introduction section for interpretation of revenue estimates.

Metro Rank: 44

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Radio data is current as of 04/23/2003

Market: New Orleans, LA

Competitive Overview

Metro Rank: 44

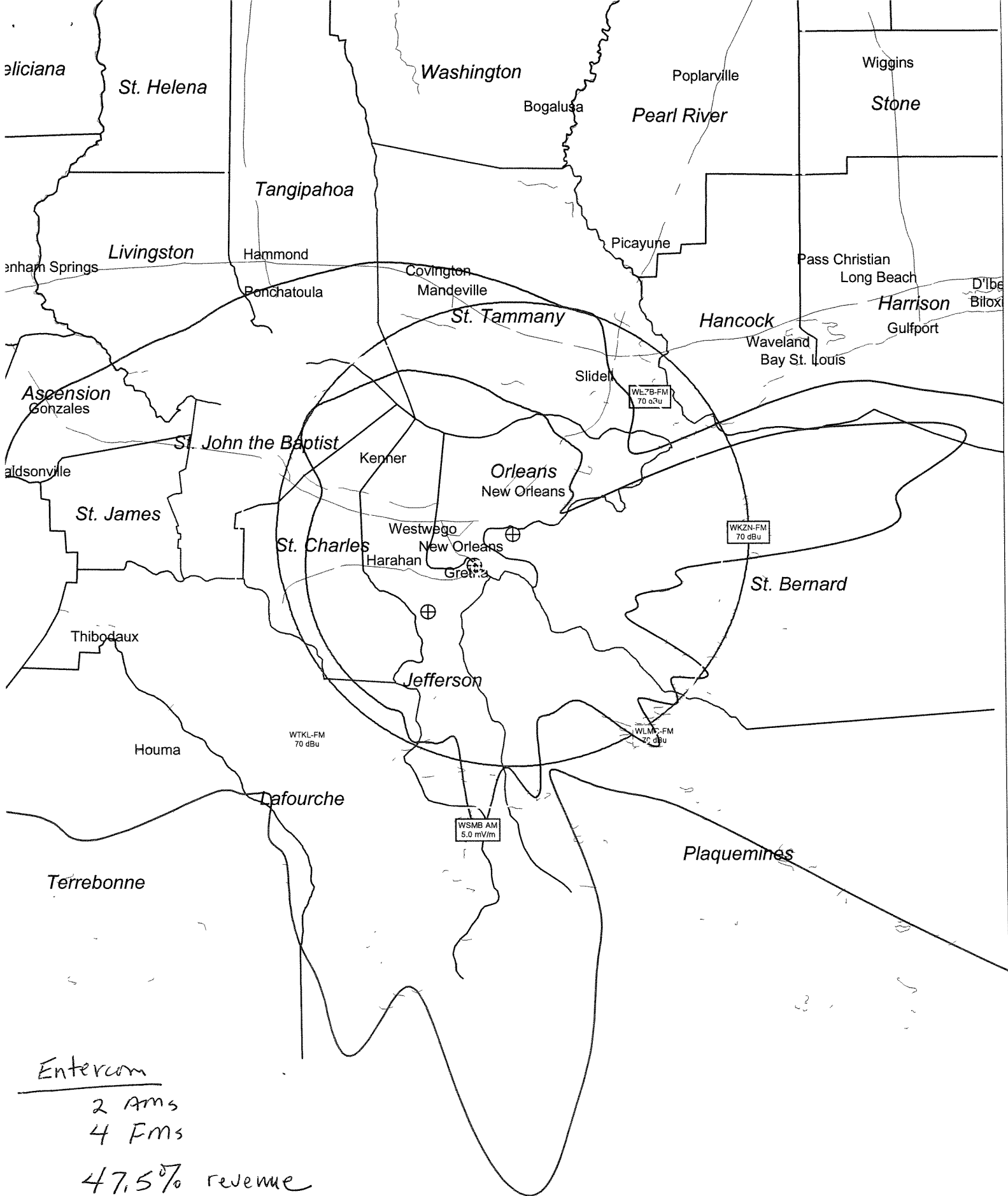
| | | | | | | | | | |
|------|---------|---|---------------------|-----|------|----------------|---------|---|------------------------------|
| WSLA | Slidell | D | 1560 | 1.0 | 0.00 | Mapa Bcstg LLC | 63 9305 | d | Sports |
| | | | # AM Stations - | | 17 | # Combos - | | 7 | AM TOTALS |
| | | | Stations Profiled - | | 35 | # Duopolies - | | 9 | Total Local Commercial Share |

| | | | | | | | | |
|------|------|------|------|------|------|------|------|------|
| | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 |
| 19.6 | 19.3 | 17.1 | 15.0 | 18.5 | 17.8 | 16.9 | 17.8 | 18.2 |
| | 85.8 | 85.7 | 87.1 | 86.9 | 85.3 | 87.4 | 86.4 | 87.3 |

BIA Radio Owner Market Revenue Share Report

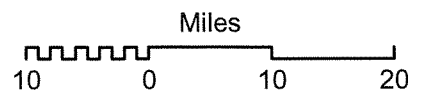
Home to Market Stations Only

| Mkt Rank | Market | BIA's Estimated Revenue for 2002 | | Owner | Station (000) | Market (000) | % Share of Market |
|----------|------------------------|----------------------------------|-----------|-------------------------------------|---------------|---------------|-------------------|
| | | # AMs | # FMs | | | | |
| 44 | New Orleans, LA | 1 | 1 | 222 Corp | 1,400 | 65,400 | 2.1% |
| 44 | New Orleans, LA | 1 | 0 | ABC Radio Incorporated | 100 | 65,400 | 0.1% |
| 44 | New Orleans, LA | 1 | 0 | America First Communications | | 65,400 | |
| 44 | New Orleans, LA | 1 | 0 | Blakes, Robert C, Sr | 200 | 65,400 | 0.3% |
| 44 | New Orleans, LA | 2 | 5 | Clear Channel Communications | 22,950 | 65,400 | 35.0% |
| 44 | New Orleans, LA | 1 | 0 | Communicom | | 65,400 | |
| 44 | New Orleans, LA | 1 | 0 | Crocodile Broadcasting Corp | 200 | 65,400 | 0.3% |
| 44 | New Orleans, LA | 2 | 4 | Entercom | 31,100 | 65,400 | 47.5% |
| 44 | New Orleans, LA | 1 | 0 | F.W. Robbert Broadcasting | | 65,400 | |
| 44 | New Orleans, LA | 0 | 1 | Fleur de Lis Broadcasting | 600 | 65,400 | 0.9% |
| 44 | New Orleans, LA | 0 | 1 | Friends of WWOZ Inc | | 65,400 | |
| 44 | New Orleans, LA | 1 | 0 | GHB Broadcasting | 300 | 65,400 | 0.4% |
| 44 | New Orleans, LA | 0 | 1 | Guaranty Broadcasting Company LLC | 200 | 65,400 | 0.3% |
| 44 | New Orleans, LA | 0 | 1 | Louisiana State University | | 65,400 | |
| 44 | New Orleans, LA | 2 | 0 | MC Media LLC | 500 | 65,400 | 0.7% |
| 44 | New Orleans, LA | 1 | 0 | Mapa Broadcasting LLC | | 65,400 | |
| 44 | New Orleans, LA | 0 | 1 | On Top Communications Incorporated | 500 | 65,400 | 0.7% |
| 44 | New Orleans, LA | 0 | 1 | Providence Educational Foundation | | 65,400 | |
| 44 | New Orleans, LA | 0 | 1 | Radio for the Blind & Handicap Inc | | 65,400 | |
| 44 | New Orleans, LA | 1 | 0 | Shadowlands Communications LLC | | 65,400 | |
| 44 | New Orleans, LA | 0 | 1 | Southwest Broadcasting Incorporated | | 65,400 | |
| 44 | New Orleans, LA | 0 | 1 | Tulane Educational Fund | | 65,400 | |
| 44 | New Orleans, LA | 0 | 4 | Wilks Broadcasting LLC | 6,600 | 65,400 | 10.0% |
| 44 | New Orleans, LA | 1 | 0 | Willis Broadcasting Corporation | 700 | 65,400 | 1.0% |
| | New Orleans, LA | 17 | 23 | Market Total | 65,350 | 65,400 | 99.9% |

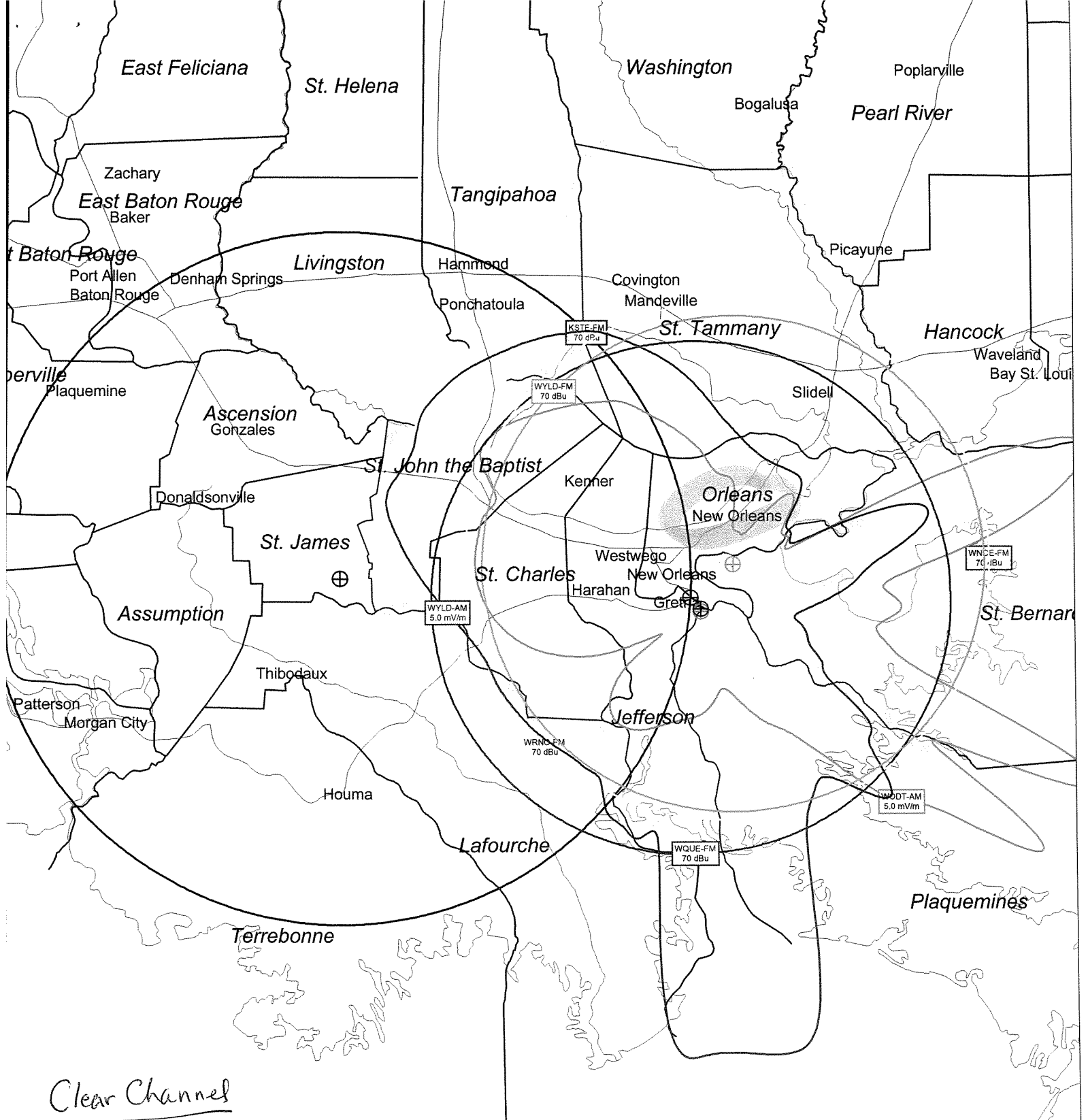


City Contours

Map Center: Latitude: 29-51-25
Longitude: 89-58-19
Map Scale: 1:1,000,000



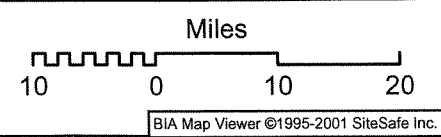
BIA Map Viewer ©1995-2001 SiteSafe Inc.

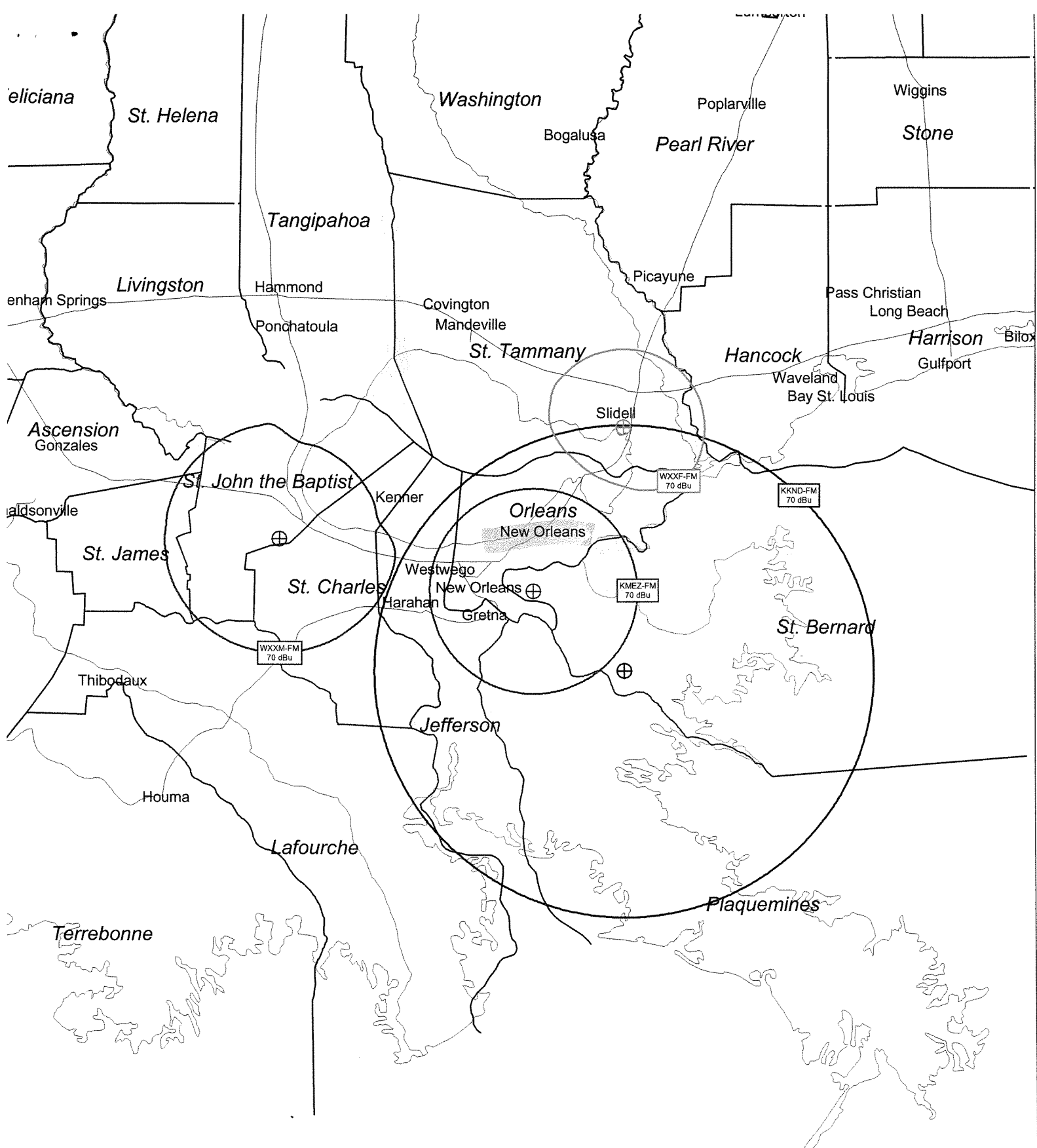


Clear Channel
5 Pms
2 AMs
35% revenue

City Contours

Map Center: Latitude: 29-50-20
Longitude: 90-19-29
Map Scale: 1:1,000,000





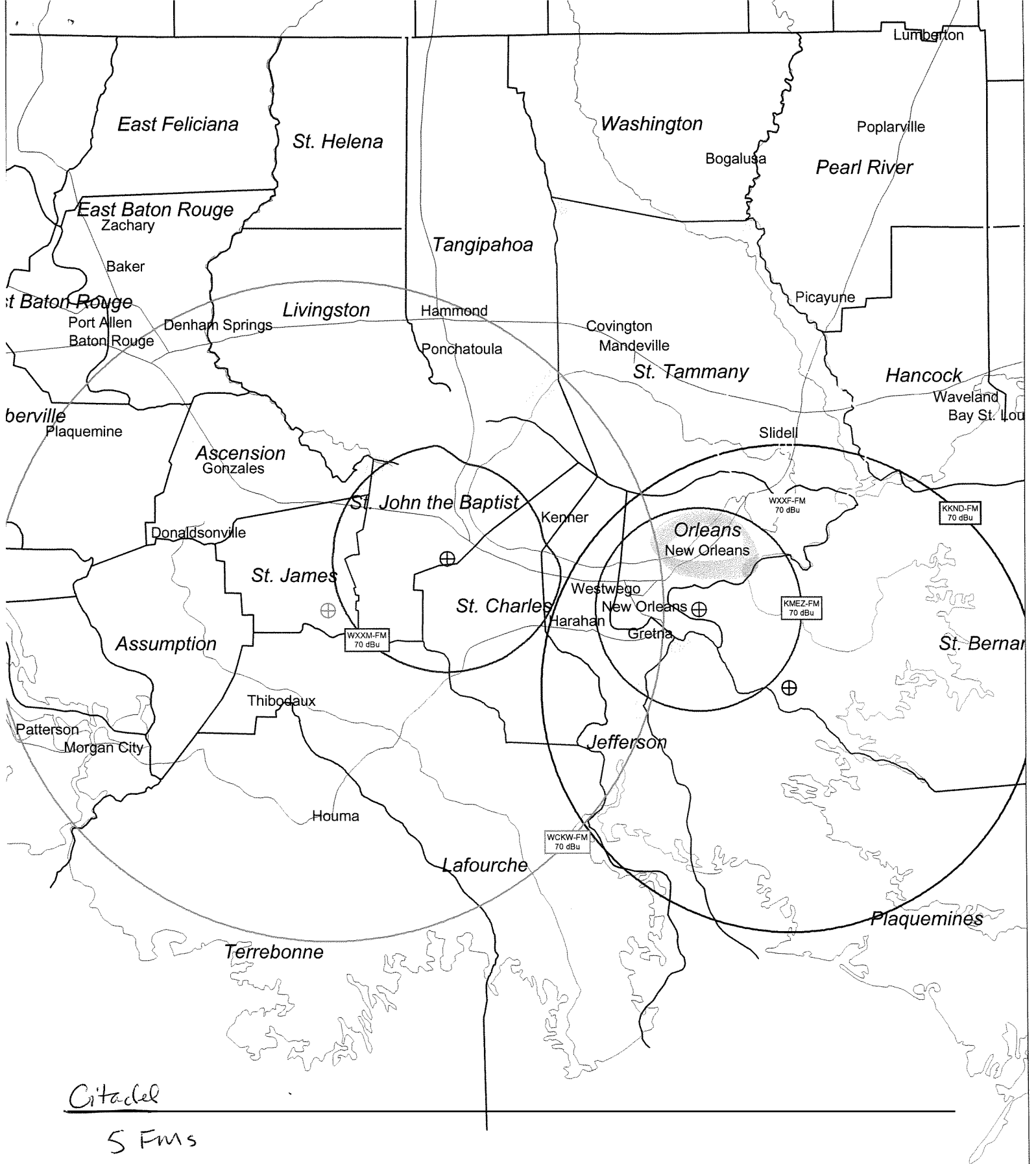
Citadel - 4 FMs
10% revenues

City Contours

Map Center: Latitude: 29-52-38
Longitude: 89-58-48
Map Scale: 1:1,000,000

Miles
10 0 10 20

BIA Map Viewer ©1995-2001 SiteSafe Inc.



Citadel

5 Fms

12.1% revenues

City Contours

Map Center: Latitude: 29-57-11
 Longitude: 90-20-05
 Map Scale: 1:1,000,000

